

Payment policy for inpatient readmissions

ISSUE: Many readmissions are indicators of poor care or missed opportunities to better coordinate care. With better care during the admission and coordination of care after discharge, the number of readmissions can be reduced.

KEY POINTS: Some hospitals have experimented with strategies to reduce readmissions and have met with success. Yet these pioneers have not been rewarded for their efforts. Medicare payment provides no explicit encouragement or reward for hospitals' investment and success. Medicare pays for all admissions based on the patient's diagnosis regardless of whether it is an initial stay or a readmission for the same or related condition.

This chapter examines the nature of the problem, the frequency and variation in readmission rates, the ways in which hospitals can reduce the number of readmissions, and discusses policy options to encourage hospitals to adopt these strategies.

ACTION: Commissioners should provide feedback on this draft chapter for the June report to Congress.

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